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FM SECSTATE WASHDC
TO RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 2262
RUCNDT/USMISSION USUN NEW YORK IMMEDIATE 2691
INFO IRAN COLLECTIVE IMMEDIATE

UNCLAS SECTION 01 OF 02 STATE 085096

SIPDIS

E.O. 12958: N/A

TAGS: [KNNP](#) [IR](#) [PREL](#) [PARM](#)

SUBJECT: USG QUESTIONS ON CHINA AUGUST 1 NOTICE ON BANK
SEPAH

REF: A. A) NOTE VERBALE

[1](#)B. 1 AUGUST 2008

[1](#)1. (U) This is an action request. Please see paragraph four.

SUMMARY

[1](#)2. (U) On August 1, China notified the UNSCR 1737 Sanctions Committee of its intention to authorize-under paragraph 15 of UNSCR 1737-payments due under contracts with Bank Sepah entered into prior to the listing of Bank Sepah in Annex I of UNSCR 1747. Washington requests that China provide more information to the U.S. regarding these payments and the underlying contracts in order to confirm that the authorization of such payments is fully consistent with the terms of paragraph 15 of UNSCR 1737.

[1](#)3. (U) In accordance with paragraph 15 of UNSCR 1737 and paragraph 4 of 1747 the payments may proceed as early as August 14. We wish to immediately convey our request to China, prior to the payment of any funds, and ask China to delay authorization or withdraw its notification until more information is provided on the type of contract, the parties and the description of the goods involved.

OBJECTIVES

[1](#)4. (U) Washington requests Mission and Embassy Beijing approach appropriate Chinese officials to discuss this issue drawing from paragraphs two and three and the objectives outlined below. Please note the time sensitivity of this issue and do not delay delivery of the demarche due to the Olympics.

-- Inquire about the type of contract or payment involved (e.g., letters of credit or other type of contract) and the dates of the contracts to ensure that they meet the criteria for allowable exemptions.

-- Ask for additional details - prior to the payment of any funds - about the nature and a description of the underlying goods to ensure that the contracts are not related to any of the prohibited items, materials, equipment, goods, technologies, or related assistance, as set out in resolution [1](#)737.

-- Obtain information about the parties (including the names, locations, and principal owners) involved in these transactions to determine whether they have links to any UNSC-designated entities or individuals. Also obtain the name of the banks involved for both parties

-- Request that China confirm that the funds to be unfrozen and paid to the creditors are currently within China and, if

not, to indicate the source of the funds.

-- Note that all States should, consistent with UNSCR 1803's call for States to exercise vigilance over the activities of their financial institutions with banks domiciled in Iran and their branches and subsidiaries abroad, consider establishing reporting, record-keeping or other monitoring requirements for their financial institutions' activities with these banks.

-- Reiterate that the UNSC 1737 Committee must be notified at least ten working days prior to any authorization permitting transactions that fall within the scope of paragraph 15 with Bank Sepah and/or Bank Sepah International Plc.

REPORTING DEADLINE

¶5. (U) Posts should report results within seven (7) business days of receipt of this cable. Please slug replies for ISN, IO, T, TREASURY, and NEA/IR. Please include SIPDIS in all replies.

POINT OF CONTACT

STATE 00085096 002 OF 002

¶6. (U) Washington point of contact for follow-up information is Kevin McGeehan, ISN/CPI, (202) 647-5408, McGeehanKJ@state.sgov.gov.

¶7. (U) Department thanks Post for its assistance.
RICE